

Fiscal Note

Fiscal Services Division



SF 323 – Lottery Proceeds to Iowa Veterans Trust Fund (LSB1182SZ)
Analyst: David Reynolds (Phone: (515) 281-6934) (dave.reynolds@legis.iowa.gov)
Fiscal Note Version – New

Description

Senate File 323 requires \$2.5 million of lottery revenue to be transferred annually to the Veterans Trust Fund. Under current law, the Lottery Authority is required to conduct a limited series of lottery games to specifically benefit veterans programs. The proceeds from these lottery games are deposited in the Veterans Trust Fund. **Senate File 323** repeals the current requirement.

Background

The lottery revenues deposited in the Veterans Trust Fund from FY 2009 to FY 2014 have averaged \$2.5 million annually. However, over the last two fiscal years the proceeds have been below the five-year average and have decreased to \$2.1 million in FY 2013 and \$1.8 million in FY 2014. For the first six months of FY 2015, the revenues from lottery games benefitting veterans have increased \$467,000 compared to the same period of FY 2014. According to the Iowa Lottery Authority, the increase is due to the successful release of a \$3 instant-scratch game at the beginning of the fiscal year. The Lottery Authority discontinued the \$3 instant-scratch game and does not anticipate ticket sales to be as strong in the second half of FY 2015.

Assumptions

- Assumes lottery revenues generated for the Veterans Trust Fund from January 2015 through June 2015 will be similar to the revenue generated during the same period of FY 2014 (\$955,000), resulting in estimated revenues of \$2.3 million for FY 2015.
- The actual impact of **SF 323** will be the difference between the potential future sales of lottery games benefitting veterans compared to the \$2.5 million transfer limit specified in the Bill. For estimating purposes it is assumed that lottery revenue for the Veterans Trust Fund in FY 2016 and FY 2017 will range between \$2.0 million and \$2.3 million annually.
- According to the Iowa Lottery Authority, lottery games benefitting veterans will continue to be marketed.

Fiscal Impact

Senate File 323 will reduce lottery revenues transferred to the General Fund in FY 2016 and FY 2017 by an estimated \$200,000 to \$500,000 annually with a midpoint estimate of \$350,000. The Bill will also increase the funds transferred to the Veterans Trust Fund by a like amount.

Sources

Iowa Lottery Authority
Legislative Services Agency

/s/ Holly M. Lyons

March 2, 2015

The fiscal note for this bill was prepared pursuant to **Joint Rule 17** and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.
